

Message Text

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COMMERCE FOR BEWT

E.O. 11652: N/A

TAGS: ETRD, EEWT, PL

SUBJECT: SIXTH SESSION JOINT AMERICAN-POLISH TRADE COMMISSION

REF: STATE 172444 (NOTAL)

1. ACCORDING TO THE MFT, NO NEW AGREEMENTS OR PROTOCOLS WILL BE PROPOSED IN DISCUSSIONS OF "INCENTIVES AND INCREASED EFFORTS TO ESTABLISH INDUSTRIAL COOPERATION AND LONG-TERM AGREEMENTS" (PARA 2.A. REFTEL). THIS TOPIC REFERS TO THE UPDATING OF THE PROJECTS LIST OFFERED BY THE POLISH SIDE DURING THE FIFTH SESSION. THE MINISTRY WAS UNABLE TO TELL US WHAT SPECIFIC CHANGES WILL BE MADE IN THE LIST.

2. THE MINISTRY IS NOT PREPARED TO SAY AT THIS TIME WHAT, IF ANY, MATTERS OF POLISH INTEREST ARE LIKELY TO BE DEALT WITH IN DISCUSSIONS OF MULTILATERAL NEGOTIATIONS, BUT WE HAVE BEEN PROMISED ADDITIONAL INFORMATION ON THIS SUBJECT DURING THE FIRST WEEK OF AUGUST.

3. IN RESPONSE TO OUR QUESTION, AN MFT OFFICIAL HAS ADVISED US THAT THE EXPANSION OF POLISH TRADE REPRESENTATION INTO OTHER AREAS OF THE US (PARA 2.E. OF WARSAW 3961) WILL NOT BE DISCUSSED IN DETAIL. IT HAS BEEN DECIDED, HE SAID,
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TO PLACE PRIMARY EMPHASIS ON FULLER UTILIZATION OF THE

SAN FRANCISCO OFFICE BEFORE ESTABLISHING AN ADDITIONAL FACILITY. (COMMENT: WE HAVE THE IMPRESSION THAT THE POLES MAY APPEAL FOR SOME RELIEF FROM CERTAIN REQUIREMENTS OF THE FARA WHICH THEY BELIEVE INHIBIT THEIR TRADE-PROMOTION EFFORTS.)

4. APPARENTLY IN RESPONSE TO A SUGGESTION FROM THE POLISH EMBASSY IN WASHINGTON, THE MFT INTENDS TO ASK THAT THE FOUR-DAY NOTIFICATION REQUIREMENT FOR PORT CALLS BE MODIFIED TO FOUR CALENDAR DAYS, AS OPPOSED TO THE PRESENT FOUR WORKING DAYS.

5. WE HAVE REQUESTED THAT THE POLISH DELEGATION PRESENT SPECIFIC INFORMATION FROM THE 1976-80 FIVE-YEAR PLAN DURING THE SIXTH SESSION, BUT THE MFT IS NOT CERTAIN THAT THIS WILL BE POSSIBLE. (COMMENT: THE STATUS OF POLAND'S FIVE-YEAR PLAN IS UNCERTAIN, RECENT PRESS REPORTS STATE THAT IT WILL BE RELEASED DURING THE FOURTH QUARTER OF 1976.)

6. BUSINESS FACILITIES: SOME OF THE US FIRMS LOCATED IN WARSAW'S FOREIGN TRADE CENTER (THE INTRACO BUILDING) HAVE RECENTLY COMPLAINED TO US OF THE INCREASINGLY HIGH COSTS BEING IMPOSED ON BUILDING TENANTS. THEIR UNHAPPINESS STEMS CHIEFLY FROM THE FOLLOWING ISSUES:

A. ELECTRICITY AND WATER CHARGES ARE NOT SEPARATELY METERED FOR EACH TENANT. APPARENTLY THE TOTAL COST OF ALL POWER AND WATER USED BY THE ENTIRE BUILDING IS PRO-RATED AMONG TENANTS ACCORDING TO THE AMOUNT OF SPACE THEY RENT.

B. INTRACO, THE POLISH ENTERPRISE WHICH OWNS AND OPERATES THE BUILDING, IMPOSES A 29.16 PERCENT SURCHARGE ON THE TELEPHONE AND GARAGE BILLS OF ALL TENANTS. THE SURCHARGE ON TELEPHONE BILLS SEEMS TOTALLY UNJUSTIFIED, AS THE TENANTS HAVE DIRECT OUTSIDE LINES AND PAY ALL TELEPHONE CHARGES (INCLUDING A ONE-TIME FEE OF \$125 FOR EACH TELEPHONE INSTALLED) FOR SERVICE AND USAGE.

C. A NEW TAX HAS RECENTLY BEEN IMPOSED ON FIRMS IN THE INTRACO BUILDING. BILLINGS FOR THE TAX, WHICH APPEARS TO LIMITED OFFICIAL USE

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HAVE BEEN LEVIED BY THE WARSAW CITY AUTHORITIES, WERE DISTRIBUTED BY THE INTRACO MANAGEMENT DURING THE WEEK OF JULY 19. THE AMOUNT OF THE TAX IS DETERMINED BY THE TOTAL AREA OF THE OFFICE AND GARAGE SPACE RENTED BY A TENANT. FOR A TENANT WITH 65 SQUARE METERS OF OFFICE SPACE AND A GARAGE, THE CHARGE IS APPROXIMATELY \$770 PER YEAR.

D. WE ASSUME THE TAX IS BEING APPLIED TO ALL FOREIGN FIRMS

IN THE INTRACO BUILDING, AS WELL AS TO FIRMS WITH OFFICES IN PRIVATE DWELLINGS. THE MINISTRY OF FINANCE HAS AGREED TO PROVIDE US WITH AN EXPLANATION OF THE NEW MEASURE.

7. ACCORDING TO SEVERAL U.S. FIRMS' REPRESENTATIVES, THE INTRACO MANAGEMENT HAS BEEN UNRESPONSIVE TO THEIR COMPLAINTS CONCERNING BUILDING SERVICE AND IS UNWILLING TO CONSIDER CHANGES IN THE SURCHARGES. (FYI: SOME FIRMS ARE DEDUCTING THE SURCHARGE FROM THEIR MONTHLY TELEPHONE BILLS. THE DOUBT THAT THE INTRACO MANAGEMENT IS YET AWARE OF THIS.)

8. WE HAVE ADVISED THE MFT OF THE BUSINESS-FACILITIES PROBLEMS DESCRIBED IN PARAGRAPH 6, NOTING THAT WE EXPECT THEM TO BE RAISED IN SOME FORM DURING THE SIXTH SESSION. WE EXPRESSED CONCERN THAT THE HIGH COST OF OPERATING AN OFFICE IN WARSAW WOULD DISCOURAGE ADDITIONAL FIRMS FROM OPENING OFFICES HERE.

9. POLISH PERFORMANCE ON THE ISSUANCE OF MULTIPLE-ENTRY VISAS TO US BUSINESSMEN CONTINUES TO BE SPOTTY, DEPENDING, IT SEEMS, ON THE PLACE OF APPLICATION. WE BELIEVE THE POLES SHOULD BE URGED DURING THIS SESSION TO FACILITATE THE ISSUANCE OF MULTIPLE-ENTRY BUSINESS VISAS.

10. FOREIGN INVESTMENT: THE POLISH DELEGATION SHOULD BE ASKED TO CLARIFY THE REGULATIONS RECENTLY ISSUED ON THE SUBJECT OF FOREIGN INVESTMENT IN POLAND AND THE REPATRIATION OF PROFITS FROM THESE ENTERPRISES.

11. IT HAS BEEN OUR IMPRESSION THAT THE REGULATIONS APPROVED BY THE COUNCIL OF MINISTERS MAY 14 (WARSAW 3863 AND WARSAW A-201) DESCRIBED PROCEDURES FOR FOREIGN LIMITED OFFICIAL USE

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INVESTMENT, BUT DID NOT BEAR ON THE QUESTION OF MIXED-CAPITAL VENTURES IN POLAND. THE REGULATIONS DID NOT MENTION THE POSSIBILITY OF JOINT VENTURES. SUBSEQUENT REGULATIONS, APPROVED BY THE MINISTRY OF FOREIGN TRADE MAY 26, 1976 (WARSAW A-232), DESCRIBED PROCEDURES FOR REPATRIATING PROFITS FROM FOREIGN INVESTMENTS. THE MINISTRY OF FINANCE REGULATIONS DID NOT REFER TO JOINT VENTURES, BUT A JULY 18, 1976, ARTICLE IN THE WEEKLY ECONOMIC NEWSPAPER, "ZYCIE GOSPODARCZE", STATES THAT THE MAY 26 ORDER PERTAINS TO JOINT VENTURES ON POLISH TERRITORY.

12. IN THE LIGHT OF THE ABOVE REGULATIONS AND OF THE RECENT CONVERSATIONS BETWEEN SECRETARY SIMON AND POLISH LEADERS IN WARSAW, WE SHOULD ASK THE POLES TO CLARIFY

THEIR STAND ON FOREIGN INVESTMENT (WITH AND WITHOUT MIXED CAPITAL) IN POLAND, TO DESCRIBE INVESTMENT AND REPATRIATION PROCEDURES, AND TO IDENTIFY PRIORITY AREAS FOR FOREIGN INVESTMENT.

13. FORMS OF COMMERCIAL REPRESENTATION: PERSISTENT RUMORS ARE CIRCULATING IN WARSAW THAT THE THIRTEEN POLISH COMMERCIAL AGENCY HOUSES WHICH REPRESENT FOREIGN FIRMS WILL BE ELIMINATED AT THE END OF 1976. WE HAVE ASKED THE MFT TO CONFIRM OR DENY THESE RUMORS AND WILL ADVISE THE DEPARTMENT IF WE RECEIVE A REPLY. SHOULD THE COMMERCIAL-AGENCY FIRMS CLOSE, MANY US FIRMS WHO HAVE USED THEM WOULD HAVE TO FIND OTHER MEANS OF REPRESENTATION IN THIS MARKET. WE NEED TO KNOW WHETHER THE POLES ARE CONSIDERING OTHER FORMS OF COMMERCIAL REPRESENTATION (E.G., THROUGH FOREIGN-AGENCY FIRMS LICENSED TO OPEN OFFICES IN POLAND) OR WHETHER, AS ONE SCENARIO HAS IT, THEY ARE ATTEMPTING TO STIMULATE THE OPENING OF MORE COMMERCIAL AND TECHNICAL OFFICES BY FOREIGN FIRMS.

DAVIES

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